

FAC 90-38

BEFORE vs. AFTER

PART 1

FEDERAL ACQUISITION REGULATIONS SYSTEM

1.106 OMB Approval under the Paperwork Reduction Act.

<i>FAR as of FAC 90-37</i>	<i>FAR as revised by FAC 90-38</i>
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FAR segment	FAR segment
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52.230-5	52.230-6
* * * * *	* * * * *
	[Item II]

PART 30

COST ACCOUNTING STANDARDS ADMINISTRATION

30.000 Scope of part.

<i>FAR as of FAC 90-37</i>	<i>FAR as revised by FAC 90-38</i>
This part describes policies and procedures for applying the Cost Accounting Standards Board (CASB) rules and regulations (48 CFR Chapter 99 (Appendix B, FAR loose-leaf edition)) to negotiated contracts and subcontracts. This part does not apply to sealed bid contracts or to any contract with a small business concern (see 48 CFR Chapter 99 (Appendix B, FAR loose-leaf edition), Subpart 9903.201-1(b), for these and other exemptions).	This part describes policies and procedures for applying the Cost Accounting Standards Board (CASB) rules and regulations (48 CFR Chapter 99 (FAR appendix B)) to negotiated contracts and subcontracts. This part does not apply to sealed bid contracts or to any contract with a small business concern (see 48 CFR 9903.201-1(b) (FAR appendix B)) for these and other exemptions).
	[Item II]

30.201 Contract Requirements.

<i>FAR as of FAC 90-37</i>	<i>FAR as revised by FAC 90-38</i>
Title 48 CFR Chapter 99 (Appendix B, FAR loose-leaf edition), Subpart 9903.201-1 , describes the rules for determining whether a proposed contract or subcontract is exempt from CAS. Negotiated contracts not exempt in accordance with Subpart 9903.201-1(b) shall be subject to CAS. A CAS-covered contract may be subject to either full or modified coverage. The rules for determining whether full or modified coverage applies are in 48 CFR Chapter 99 (Appendix B, FAR loose-leaf edition), Subpart 9903.201-2 .	Title 48 CFR 9903.201-1 (FAR appendix B), describes the rules for determining whether a proposed contract or subcontract is exempt from CAS. Negotiated contracts not exempt in accordance with 48 CFR 9903.201-1(b) shall be subject to CAS. A CAS-covered contract may be subject to either full or modified coverage. The rules for determining whether full or modified coverage applies are in 48 CFR 9903.201-2 (FAR appendix B). [Item II]

30.201-1 CAS applicability.

<i>FAR as of FAC 90-37</i>	<i>FAR as revised by FAC 90-38</i>
See 48 CFR Chapter 99 (Appendix B, FAR loose-leaf edition), Subpart 9903.201-1 .	See 48 CFR 9903.201-1 (FAR appendix B). [Item II]

30.201-2 Types of CAS coverage.

<i>FAR as of FAC 90-37</i>	<i>FAR as revised by FAC 90-38</i>
See 48 CFR Chapter 99 (Appendix B, FAR loose-leaf edition), Subpart 9903.201-2 .	See 48 CFR 9903.201-2 (FAR appendix B). [Item II]

30.201-3 Solicitation provisions.

<i>FAR as of FAC 90-37</i>	<i>FAR as revised by FAC 90-38</i>
The contracting officer shall insert the provision at 52.230-1, Cost Accounting Standards Notices and Certification, in solicitations for proposed contracts subject to CAS as specified in 48 CFR Chapter 99 (Appendix B, FAR loose-leaf edition), Subpart 9903.201 .	(a) The contracting officer shall insert the provision at 52.230-1, Cost Accounting Standards Notices and Certification, in solicitations for proposed contracts subject to CAS as specified in 48 CFR 9903.201 (FAR appendix B). (b) If an award to an educational institution is contemplated prior to July 1, 1997, the contracting officer shall insert the basic provision set forth at 52.230-1 with its Alternate I, unless the contract is to be performed by a Federally Funded Research and Development Center (FFRDC) (see 48 CFR 9903.201-2(c)(5)).

(FAR appendix B)) or the provision at 48 CFR 9903.201-2(c)(6) (FAR appendix B) applies. [Item II]

30.201-4 Contract clauses.

FAR as of FAC 90-37

(a) *Cost Accounting Standards.* (1) The contracting officer shall insert the clause at 52.230-2, Cost Accounting Standards, in negotiated contracts, unless the contract is exempted (see 48 CFR ~~Chapter 99 (Appendix B, FAR loose-leaf edition), Subpart 9903.201-1~~), the contract is subject to modified coverage (see 48 CFR ~~Chapter 99 (Appendix B, FAR loose-leaf edition), Subpart 9903.201-2~~), or the clause prescribed in paragraph (c) of this subsection is used.

(2) The clause at 52.230-2 requires the contractor to disclose actual cost accounting practices and to follow these practices consistently.

(b) *Disclosure and Consistency of Cost Accounting Practices.* (1) The contracting officer shall insert the clause at 52.230-3, Disclosure and Consistency of Cost Accounting Practices, in negotiated contracts when the contract amount is over \$500,000, but less than \$25 million, and the offeror certifies it is eligible for and elects to use modified CAS coverage (see 48 CFR ~~Chapter 99 (Appendix B, FAR loose-leaf edition), Subpart 9903.201-2~~), unless the clause prescribed in paragraph (c) of this subsection is used).

(2) The clause at 52.230-3 requires the contractor to comply with 48 CFR ~~Chapter 99 (Appendix B, FAR loose-leaf edition), Subparts 9904.401, 9904.402, 9904.405 and 9904.406~~, to disclose (if it meets certain requirements) actual cost accounting practices, and to follow consistently its established cost accounting practices.

(c) *Consistency in Cost Accounting Practices.* The contracting officer shall insert the clause at 52.230-4, Consistency in Cost Accounting Practices, in negotiated contracts that are exempt from CAS requirements solely on the basis of the fact that the contract is to be awarded to a United Kingdom contractor and is to be performed substantially in the United Kingdom (see 48 CFR ~~Chapter 99 (Appendix B, FAR loose-leaf edition), Subpart 9903.201-1(b)(12)~~).

FAR as revised by FAC 90-38

(a) *Cost Accounting Standards.* (1) The contracting officer shall insert the clause at **FAR 52.230-2**, Cost Accounting Standards, in negotiated contracts, unless the contract is exempted (see 48 CFR 9903.201-1 (**FAR appendix B**)), the contract is subject to modified coverage (see 48 CFR 9903.201-2 (**FAR appendix B**)), or the clause prescribed in paragraph (c) of this subsection is used.

(2) The clause at **FAR 52.230-2** requires the contractor to **comply with all CAS specified in 48 CFR part 9904 (FAR appendix B)**, to disclose actual cost accounting practices (**applicable to CAS-covered contracts only**), and to follow **disclosed and established cost accounting** practices consistently.

(b) *Disclosure and Consistency of Cost Accounting Practices.* (1) The contracting officer shall insert the clause at **FAR 52.230-3**, Disclosure and Consistency of Cost Accounting Practices, in negotiated contracts when the contract amount is over \$500,000, but less than \$25 million, and the offeror certifies it is eligible for and elects to use modified CAS coverage (see 48 CFR 9903.201-2 (**FAR appendix B**)), unless the clause prescribed in paragraph (c) of this subsection is used).

(2) The clause at **FAR 52.230-3** requires the contractor to comply with 48 CFR 9904.401, 9904.402, 9904.405 and 9904.406 (**FAR appendix B**) to disclose (if it meets certain requirements) actual cost accounting practices, and to follow consistently its established cost accounting practices.

(c) *Consistency in Cost Accounting Practices.* The contracting officer shall insert the clause at **FAR 52.230-4**, Consistency in Cost Accounting Practices, in negotiated contracts that are exempt from CAS requirements solely on the basis of the fact that the contract is to be awarded to a United Kingdom contractor and is to be performed substantially in the United Kingdom (see 48 CFR 9903.201-1(b)(12) (**FAR appendix B**)).

(d) *Administration of Cost Accounting Standards.*

(1) The contracting officer shall insert the clause at ~~52.230-5~~, Administration of Cost Accounting Standards, in contracts containing either the clause prescribed in paragraph (a) of this subsection, or the clause prescribed in paragraph (b) of this subsection.

(2) The clause at ~~52.230-5~~ specifies rules for administering CAS requirements and procedures to be followed in cases of failure to comply.

(d) *Administration of Cost Accounting Standards.*

(1) The contracting officer shall insert the clause at **FAR 52.230-6**, Administration of Cost Accounting Standards, in contracts containing **any of** the clauses prescribed in paragraphs (a),(b), or (e) of this subsection.

(2) The clause at **FAR 52.230-6** specifies rules for administering CAS requirements and procedures to be followed in cases of failure to comply.

(e) *Cost Accounting Standards-Educational Institutions.* (1) The contracting officer shall insert the clause at FAR 52.230-5, Cost Accounting Standards-Educational Institutions, in negotiated contracts awarded to educational institutions, unless the contract is exempted (see 48 CFR 9903.201-1 (FAR appendix B)), the contract is to be performed by an FFRDC (see 48 CFR 9903.201-2(c)(5) (FAR appendix B)), or the provision at 48 CFR 9903.201-2(c)(6) (FAR appendix B) applies.

(2) The clause at FAR 52.230-5 requires the educational institution to comply with all CAS specified in 48 CFR part 9905 (FAR appendix B), to disclose actual cost accounting practices as required by 48 CFR 9903.202-1(f) (FAR appendix B), and to follow disclosed and established cost accounting practices consistently.

[Item II]

30.201-5 Waiver.

FAR as of FAC 90-37

In some instances, contractors or subcontractors may refuse to accept all or part of the requirements of the CAS clauses (52.230-2, Cost Accounting Standards, and 52.230-3, Disclosure and Consistency of Cost Accounting Practices). If the contracting officer determines that it is impractical to obtain the materials, supplies, or services from any other source, the contracting officer shall prepare a request for waiver in accordance with 48 CFR Chapter 99 (Appendix B, FAR loose-leaf edition), Subpart 9903.201-5.

FAR as revised by FAC 90-38

In some instances, contractors or subcontractors may refuse to accept all or part of the requirements of the CAS clauses (**FAR 52.230-2, Cost Accounting Standards, FAR 52.230-3, Disclosure and Consistency of Cost Accounting Practices, and FAR 52.230-5, Cost Accounting Standards-Educational Institution**). If the contracting officer determines that it is impractical to obtain the materials, supplies, or services from any other source, the contracting officer shall prepare a request for waiver in accordance with 48 CFR 9903.201-5 (**FAR appendix B**).

[Item II]

30.201-6 Findings.

<i>FAR as of FAC 90-37</i>	<i>FAR as revised by FAC 90-38</i>
	See 48 CFR 9903.201-6 (FAR appendix B). [Item II]

30.201-7 Cognizant Federal agency responsibilities.

<i>FAR as of FAC 90-37</i>	<i>FAR as revised by FAC 90-38</i>
	See 48 CFR 9903.201-7 (FAR appendix B). [Item II]

30.202-1 General requirements.

<i>FAR as of FAC 90-37</i>	<i>FAR as revised by FAC 90-38</i>
See 48 CFR Chapter 99 (Appendix B, FAR loose-leaf edition), Subpart 9903.202-1.	See 48 CFR 9903.202-1 (FAR appendix B). [Item II]

30.202-2 Impracticality of submission.

<i>FAR as of FAC 90-37</i>	<i>FAR as revised by FAC 90-38</i>
See 48 CFR Chapter 99 (Appendix B, FAR loose-leaf edition), Subpart 9903.202-2.	See 48 CFR 9903.202-2 (FAR appendix B). [Item II]

30.202-3 Amendments and revisions.

<i>FAR as of FAC 90-37</i>	<i>FAR as revised by FAC 90-38</i>
See 48 CFR Chapter 99 (Appendix B, FAR loose-leaf edition), Subpart 9903.202-3.	See 48 CFR 9903.202-3 (FAR appendix B). [Item II]

30.202-4 Privileged and confidential information.

<i>FAR as of FAC 90-37</i>	<i>FAR as revised by FAC 90-38</i>
See 48 CFR Chapter 99 (Appendix B, FAR loose-leaf edition), Subpart 9903.202-4.	See 48 CFR 9903.202-4 (FAR appendix B). [Item II]

30.202-5 Filing Disclosure Statements.

<i>FAR as of FAC 90-37</i>	<i>FAR as revised by FAC 90-38</i>
See 48 CFR Chapter 99 (Appendix B, FAR loose-leaf edition), Subpart 9903.202-5.	See 48 CFR 9903.202-5 (FAR appendix B). [Item II]

30.202-6 Responsibilities.

<i>FAR as of FAC 90-37</i>	<i>FAR as revised by FAC 90-38</i>
(a) The contracting officer is responsible for determining when a proposed contract may require CAS coverage and for including the appropriate notice in the solicitation. The contracting officer must then ensure that the offeror has made the required solicitation certifications and that required Disclosure Statements are submitted. (Also see 48 CFR Chapter 99 (Appendix B, FAR loose-leaf edition), Subparts 9903.201-3 and 9903.202.)	(a) The contracting officer is responsible for determining when a proposed contract may require CAS coverage and for including the appropriate notice in the solicitation. The contracting officer must then ensure that the offeror has made the required solicitation certifications and that required Disclosure Statements are submitted. (Also see 48 CFR 9903.201-3 and 9903.202 (FAR appendix B). [Item II]

30.202-7 Determinations.

<i>FAR as of FAC 90-37</i>	<i>FAR as revised by FAC 90-38</i>
(a) <i>Adequacy determination.</i> The contract auditor shall conduct an initial review of a Disclosure Statement to ascertain whether it is current, accurate, and complete and shall report the results to the cognizant ACO, who shall determine whether or not it adequately describes the offeror's cost accounting practices. ***** If the Disclosure Statement is adequate, the ACO shall notify the offeror in writing, with copies to the auditor and contracting officer.	(a) <i>Adequacy determination.</i> As prescribed by 48 CFR 9903.202-6 (FAR appendix B), the cognizant auditor shall conduct a review of a Disclosure Statement to ascertain whether it is current, accurate, and complete and shall report the results to the cognizant ACO, who shall determine whether or not it adequately describes the offeror's cost accounting practices. ***** If the Disclosure Statement is adequate, the ACO shall notify the offeror in writing, with copies to the cognizant auditor and contracting officer. ***** [Item II]

30.202-8 Subcontractor Disclosure Statements.

<i>FAR as of FAC 90-37</i>	<i>FAR as revised by FAC 90-38</i>
(a) ***ACO's cognizant of higher tier subcontractors or prime contractors shall not reverse the determination of the ACO cognizant of the subcontractor. (b) Any determination that it is impractical to secure a subcontractor's Disclosure Statement must be made in accordance with 48 CFR Chapter 99 (Appendix B, FAR loose-leaf edition), Subpart 9903.202-2.	(a) *** The ACO cognizant of higher tier subcontractors or prime contractors shall not reverse the determination of the ACO cognizant of the subcontractor. (b) Any determination that it is impractical to secure a subcontractor's Disclosure Statement must be made in accordance with 48 CFR 9903.202-2 (FAR appendix B). [Item II]

SUBPART 30.3 CAS RULES AND REGULATIONS [RESERVED]

<i>FAR as of FAC 90-37</i>	<i>FAR as revised by FAC 90-38</i>
Note: See 48 CFR Chapter 99 (Appendix B, FAR loose-leaf edition), Subpart 9903.3.	Note: See 48 CFR 9903.3 (FAR appendix B). [Item II]

SUBPART 30.4 COST ACCOUNTING STANDARDS [RESERVED]

<i>FAR as of FAC 90-37</i>	<i>FAR as revised by FAC 90-38</i>
Note: See 48 CFR Chapter 99 (Appendix B, FAR loose-leaf edition), Subpart 9904.	Note: See 48 CFR part 9904 (FAR appendix B) . [Item II]

SUBPART 30.5 COST ACCOUNTING STANDARDS for EDUCATIONAL INSTITUTIONS [RESERVED]

<i>FAR as of FAC 90-37</i>	<i>FAR as revised by FAC 90-38</i>
	Note: See 48 CFR part 9905 (FAR appendix B). [Item II]

30.602 Changes to disclosed or established cost accounting practices.

<i>FAR as of FAC 90-37</i>	<i>FAR as revised by FAC 90-38</i>
Adjustments to contracts and withholding amounts payable for CAS noncompliance, new standards, or voluntary changes are required only if the amounts involved are material. In determining materiality, the ACO shall use the criteria in 48 CFR Chapter 99 (Appendix B, FAR loose-leaf edition), Subpart 9903.305. The ACO may forego action to require that a cost impact proposal be submitted or to adjust contracts, if the ACO determines the amount involved is immaterial. However, in the case of non-compliance issues, the ACO shall inform the contractor that *****	Adjustments to contracts and withholding amounts payable for CAS noncompliance, new standards, or voluntary changes are required only if the amounts involved are material. In determining materiality, the ACO shall use the criteria in 48 CFR 9903.305 (FAR appendix B). The ACO may forego action to require that a cost impact proposal be submitted or to adjust contracts, if the ACO determines the amount involved is immaterial. However, in the case of noncompliance issues, the ACO shall inform the contractor that ***** [Item II]

30.602-1 Equitable adjustments for new or modified standards.

<i>FAR as of FAC 90-37</i>	<i>FAR as revised by FAC 90-38</i>
(a) ***** (2) Contracts and subcontracts containing the clause at 52.230-2, Cost Accounting Standards, may require equitable adjustments to comply with	(a) ***** (2) Contracts and subcontracts containing the clause at 52.230-2, Cost Accounting Standards or FAR 52.230-5 Cost Accounting Stan-

new or modified CAS. ***** A new or modified standard becomes applicable prospectively to these contracts and subcontracts when a new contract or subcontract containing the clause at 52.230-2 is awarded on or after the effective date of the new or modified standard.

- (b) *Accounting changes.* (1) The clause at ~~52.230-5~~, Administration of Cost Accounting Standards, requires the contractor to submit a description of any change in cost accounting practices required to comply with a new or modified CAS within 60 days (or other mutually agreed to date) after award of a contract requiring the change.
- (2) The ACO shall review the proposed change concurrently for adequacy and compliance (see 30.202-7). *****

ards-Educational Institutions, may require equitable adjustments to comply with new or modified CAS. ***** A new or modified standard becomes applicable prospectively to these contracts and subcontracts when a new contract or subcontract containing the clause at 52.230-2 **or 52.230-5** is awarded on or after the effective date of the new or modified standard.

- (b) *Accounting changes.* (1) The clause at **FAR 52.230-6**, Administration of Cost Accounting Standards, requires the contractor to submit a description of any change in cost accounting practices required to comply with a new or modified CAS within 60 days (or other mutually agreed to date) after award of a contract requiring the change.
- (2) The ACO **with the assistance of the auditor** shall review the proposed change concurrently for adequacy and compliance (see 30.202-7). *****.
- [Item II]

30.602-2 Noncompliance with CAS requirements.

FAR as of FAC 90-37

(a) *Determination of noncompliance.* (1) Within 15 days of the receipt of a report of alleged noncompliance from the auditor, the ACO shall make an initial finding of compliance or noncompliance and advise the auditor. *****

(3) If the contractor agrees with the initial finding of noncompliance, the ACO shall review the contractor submissions required by paragraph (a) of the clause at ~~52.230-5~~, Administration of Cost Accounting Standards. *****

(b) *Accounting changes.* (1) The clause at ~~52.230-5~~, Administration of Cost Accounting Standards, requires the contractor to submit a description of any cost accounting practice change needed to correct a noncompliance. *****

(c) *Contract price adjustments.* (1) The ACO shall request that the contractor submit a cost impact proposal within the time specified in the clause at ~~52.230-5~~, Administration of Cost Accounting Standards.

(2) ***** In accordance with the clause at 52.230-2, Cost Accounting Standards, the ACO shall include and separately identify, as part of the computation of the contract price adjustment(s), applicable interest on any increased costs paid to the contractor as a

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(a) *Determination of noncompliance.* (1) Within 15 days of the receipt of a report of alleged noncompliance from the **cognizant** auditor, the ACO shall make an initial finding of compliance or noncompliance and advise the auditor. *****

(3) If the contractor agrees with the initial finding of noncompliance, the ACO shall review the contractor submissions required by paragraph (a) of the clause at **FAR 52.230-6**, Administration of Cost Accounting Standards. *****

(b) *Accounting changes.* (1) The clause at **FAR 52.230-5**, Administration of Cost Accounting Standards, requires the contractor to submit a description of any cost accounting practice change needed to correct a noncompliance. *****

(c) *Contract price adjustments.* (1) The ACO shall request that the contractor submit a cost impact proposal within the time specified in the clause at **FAR 52.230-6**, Administration of Cost Accounting Standards.

(2) ***** In accordance with the clause at 52.230-2, Cost Accounting Standards **or FAR 52.230-5, Cost Accounting Standards-Educational Institution**, the ACO shall include and separately identify, as part of the computation of the contract

result of the noncompliance. *****

(d) *Remedies for contractor failure to make required submissions.* (1) If the contractor does not submit the accounting change description or the general dollar magnitude of the change or cost impact proposal (in the form and manner specified), the ACO, with the assistance of the auditor, shall estimate the general dollar magnitude of the cost impact on CAS-covered contracts and subcontracts.

(3) If the ACO determines that there is no material increase in costs as a result of the noncompliance, the ACO shall notify the contractor in writing that the contractor is in noncompliance, that corrective action should be taken, and that if such noncompliance subsequently results in materially increased costs to the Government, the provisions of the clause at 52.230-2, Cost Accounting Standards, and/or the clause at 52.230-3, Disclosure and Consistency of Cost Accounting Practices, will be enforced.

price adjustment(s), applicable interest on any increased costs paid to the contractor as a result of the noncompliance. *****

(d) *Remedies for contractor failure to make required submissions.* (1) If the contractor does not submit the accounting change description or the general dollar magnitude of the change or cost impact proposal (in the form and manner specified), the ACO, with the assistance of the **cognizant** auditor, shall estimate the general dollar magnitude of the cost impact on CAS-covered contracts and subcontracts.

(3) If the ACO determines that there is no material increase in costs as a result of the noncompliance, the ACO shall notify the contractor in writing that the contractor is in noncompliance, that corrective action should be taken, and that if such noncompliance subsequently results in materially increased costs to the Government, the provisions of the clause at 52.230-2, Cost Accounting Standards, **52.230-5, Cost Accounting Standards-Educational Institution**, and/or the clause at 52.230-3, Disclosure and Consistency of Cost Accounting Practices, will be enforced.

[Item II]

30.602-3 Voluntary changes.

FAR as of FAC 90-37

***** (b) *Accounting changes.* (1) The clause at ~~52.230-5~~, Administration of Cost Accounting Standards, requires the contractor to notify the ACO and submit a description of any voluntary cost accounting practice change not less than 60 days (or such other date as may be mutually agreed to) before implementation of the voluntary change.

(2) The ACO shall review the proposed change concurrently for adequacy and compliance (see 30.202-7). If the description of the change meets both tests, the ACO shall notify the contractor and request submission of a cost impact proposal in accordance with FAR 30.602.

(d) *Remedies for contractor failure to make required submissions.* (1) If the contractor does not submit the accounting change description or the general dollar magnitude of the change or cost impact proposal (in the form and manner specified), the ACO,

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***** (b) *Accounting changes.* (1) The clause at **FAR 52.230-6**, Administration of Cost Accounting Standards, requires the contractor to notify the ACO and submit a description of any voluntary cost accounting practice change not less than 60 days (or such other date as may be mutually agreed to) before implementation of the voluntary change.

(2) The ACO **with the assistance of the cognizant auditor** shall review the proposed change concurrently for adequacy and compliance (see 30.202-7). If the description of the change meets both tests, the ACO shall notify the contractor and request submission of a cost impact proposal in accordance with FAR 30.602. *****

(d) *Remedies for contractor failure to make required submissions.* (1) If the contractor does not submit the accounting change description or the general dollar magnitude of the change or cost impact proposal (in the form and manner specified), the ACO,

with the assistance of the auditor, shall estimate the general dollar magnitude of the cost impact on CAS-covered contracts and subcontracts. *****

with the assistance of the **cognizant** auditor, shall estimate the general dollar magnitude of the cost impact on CAS-covered contracts and subcontracts. ***** [Item II]

30.603 Changes to disclosed or established cost accounting practices.

FAR as of FAC 90-37

When a negotiated CAS price adjustment or a determination of noncompliance is required at the sub-contract level, the ACO cognizant of the subcontractor shall make the determination and advise the ACO cognizant of the prime contractor or next higher tier subcontractor of his decision. ~~ACO's~~ cognizant of higher tier subcontractors or prime contractors shall not reverse the determination of the ACO cognizant of the subcontractor.

FAR as revised by FAC 90-38

When a negotiated CAS price adjustment or a determination of noncompliance is required at the sub-contract level, the ACO cognizant of the subcontractor shall make the determination and advise the ACO cognizant of the prime contractor or next higher tier subcontractor of **the** decision. **The ACOs** cognizant of higher tier subcontractors or prime contractors shall not reverse the determination of the ACO cognizant of the subcontractor.
[Item II]

PART 32

CONTRACT FINANCING

32.610 Demand for payment of contract debt..

FAR as of FAC 90-37

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(b) * * * * * (2) Notification that any amounts not paid within 30 days from the date of the demand will bear interest from the date of the demand, or from any earlier date specified in the contract and that the interest rate shall be the rate established by the Secretary of the Treasury, for the period affected, under Public Law 92-41; ~~or,~~ in the case of a debt arising from a price reduction for defective pricing, that interest will run from the date of overpayment by the Government until repayment by the contractor at the underpayment rate established by the Secretary of the Treasury, for the periods affected, under 26 U.S.C. 6621(a)(2).

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(b) * * * * * (2) Notification that any amounts not paid within 30 days from the date of the demand will bear interest from the date of the demand, or from any earlier date specified in the contract and that the interest rate shall be the rate established by the Secretary of the Treasury, for the period affected, under Public Law 92-41; or, in the case of a debt arising from a price reduction for defective pricing, **or as specifically set forth in a Cost Accounting Standards (CAS) clause in the contract**, that interest will run from the date of overpayment by the Government until repayment by the contractor at the underpayment rate established by the Secretary of the Treasury, for the periods affected, under 26 U.S.C. 6621(a)(2).

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[Item IV]

32.613 Deferment of collection.

<i>FAR as of FAC 90-37</i>	<i>FAR as revised by FAC 90-38</i>
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(h) * * * * * (3) Notice of an interest charge, in conformity with 32.614 and the clause at 52.232-17, Interest; or, in the case of a debt arising from a defective pricing overpayment, interest, as prescribed by the applicable Price Reduction for Defective Pricing clause.	(h) * * * * * (3) Notice of an interest charge, in conformity with FAR 32.614 and the clause at FAR 52.232-17, Interest; or, in the case of a debt arising from a defective pricing or a CAS non-compliance overpayment, interest, as prescribed by the applicable Price Reduction for Defective Cost or Pricing Data or CAS clause.
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	[Item IV]

32.614-1 Deferment of collection.

<i>FAR as of FAC 90-37</i>	<i>FAR as revised by FAC 90-38</i>
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(c) The interest charge shall be at the rate established by the Secretary of the Treasury under Public Law 92-41 for the period in which the amount becomes due.	(c) Unless specified otherwise in the clause at FAR 52.232-17 , the interest charge shall be at the rate established by the Secretary of the Treasury under Public Law 92-41 for the period in which the amount becomes due.
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	[Item IV]

32.803 Policies.

<i>FAR as of FAC 90-37</i>	<i>FAR as revised by FAC 90-38</i>
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(d) Any contract of a designated agency (see 32.801), except a contract under which full payment has been made, may include a no-setoff commitment only when a determination of need is made by the President and after such determination has been published in the Federal Register.	(d) Any contract of a designated agency (see FAR 32.801), except a contract under which full payment has been made, may include a no-setoff commitment only when a determination of need is made by the head of an agency, in accordance with the Presidential delegation of authority dated October 3, 1995 , and after such determination has been published in the Federal Register. The Presidential delegation makes such determinations of need subject to further guidance issued by the Office of Federal Procurement Policy. The following guidance has been provided: Use of the no set-off provision may be appropriate to facilitate the national defense; in the event of a national emergency or natural disaster; or when the use of the no-
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setoff provision may facilitate private financing of contract performance. However, in the event an offeror is significantly indebted to the United States, the contracting officer should consider whether the inclusion of the no-setoff commitment in a particular contract is in the best interests of the United States. In such an event, the contracting officer should consult with the Government officer(s) responsible for collecting the debt(s).

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[Item III]

32.806 Contract clause.

FAR as of FAC 90-37

(a)* * * * * (2) If a no-setoff commitment has been authorized by the President (see 32.801 and 32.803(d)), the contracting officer shall use the clause with its Alternate I.

* * * * *

FAR as revised by FAC 90-38

(a)* * * * * (2) If a no-setoff commitment has been authorized (see **FAR** 32.803(d)), the contracting officer shall use the clause with its Alternate I.

* * * * *

[Item III]

PART 42

CONTRACT ADMINISTRATION

42.302 Contract administration functions.

FAR as of FAC 90-37

(a)* * * * * (11) In connection with Cost Accounting Standards (see Part 30 and 48 CFR chapter 99)

* * * * *

(iv) Negotiate price adjustments and execute supplemental agreements under Cost Accounting Standards clauses at 52.230-2, 52.230-3, and 52.230-5.

* * * * *

FAR as revised by FAC 90-38

(a)* * * * * (11) In connection with Cost Accounting Standards (see Part 30 and 48 CFR chapter 99 (**FAR appendix B**)) * * * * *

(iv) Negotiate price adjustments and execute supplemental agreements under Cost Accounting Standards clauses at 52.230-2, 52.230-3, 52.230-5, and **52.230-6**.

* * * * *

[Item II]

PART 43

CONTRACT MODIFICATIONS

43.102 Policy.

*FAR as of FAC 90-37**FAR as revised by FAC 90-38*

* * * * *

(c) The Federal Acquisition Streamlining Act of 1994, Public Law 103-355 (FASA), authorizes, but does not require, contracting officers, if requested by the prime contractor, to modify contracts without requiring consideration to incorporate changes authorized by FASA amendments into existing contracts. Contracting officers are encouraged, if appropriate, to modify contracts without requiring consideration to incorporate these new policies. The contract modification should be accomplished by inserting into the contract, as a minimum, the current version of the applicable FAR clauses.

[Item I]

PART 52

SOLICITATION PROVISIONS AND CONTRACT CLAUSES

52.230-1 Cost Accounting Standards Notices and Certification.

FAR as of FAC 90-37

FAR as revised by FAC 90-38

As prescribed in 30.201-3, insert the following provision:

As prescribed in 30.201-3, insert the following provision:

COST ACCOUNTING STANDARDS NOTICES AND CERTIFICATION (NOV 1993)

COST ACCOUNTING STANDARDS NOTICES AND CERTIFICATION (APR 1996)

Note: This notice does not apply to small businesses or foreign governments. This notice is in three parts, identified by Roman numerals I through III. Offerors shall examine each part and provide the requested information in order to determine Cost Accounting Standards (CAS) requirements applicable to any resultant contract.

Note: This notice does not apply to small businesses or foreign governments. This notice is in three parts, identified by Roman numerals I through III. Offerors shall examine each part and provide the requested information in order to determine Cost Accounting Standards (CAS) requirements applicable to any resultant contract.

If the offeror is an educational institution, Part II does not apply unless the contemplated contract will be subject to full or modified CAS coverage pursuant to 48 CFR 9903.201-2(c)(5) or 9903.201(c)(6), respectively.

I. DISCLOSURE STATEMENT--COST ACCOUNTING PRACTICES AND CERTIFICATION

I. DISCLOSURE STATEMENT--COST ACCOUNTING PRACTICES AND CERTIFICATION

(a) Any contract in excess of \$500,000 resulting from this solicitation, except contracts in which the price negotiated is based on (1) established catalog or market prices of commercial items sold in substantial quantities to the general public, or (2) prices set by law or regulation, will be subject to the requirements of 48 CFR, ~~Parts 9903 and 9904~~, except for those contracts which are exempt as specified in 48 CFR, ~~Subpart~~ 9903.201-1.

(a) Any contract in excess of \$500,000 resulting from this solicitation, except contracts in which the price negotiated is based on (1) established catalog or market prices of commercial items sold in substantial quantities to the general public, or (2) prices set by law or regulation, will be subject to the requirements of **the Cost Accounting Standards Board (48 CFR Chapter 99)** except for those contracts which are exempt as specified in 48 CFR, 9903.201-1.

(b) Any offeror submitting a proposal which, if accepted, will result in a contract subject to the requirements of 48 CFR, ~~Parts 9903 and 9904~~ must, as a condition of contracting, submit a Disclosure Statement as required by 48 CFR, ~~Subpart~~

(b) Any offeror submitting a proposal which, if accepted, will result in a contract subject to the requirements of 48 CFR, **Chapter 99** must, as a condition of contracting, submit a Disclosure Statement as required by 48 CFR 9903.202. The

9903.202. The Disclosure Statement must be submitted as a part of the offeror's proposal under this solicitation unless the offeror has already submitted a Disclosure Statement disclosing the practices used in connection with the pricing of this proposal. If an applicable Disclosure Statement has already been submitted, the offeror may satisfy the requirement for submission by providing the information requested in paragraph (c) of Part I of this provision.

* * * * *

(c) Check the appropriate box below:

☐ (1) *Certificate of Concurrent Submission of Disclosure Statement.*

The offeror hereby certifies that, as a part of the offer, copies of the Disclosure Statement have been submitted as follows: (i) Original and one copy to the cognizant Administrative Contracting Officer (ACO), and (ii) One copy to the cognizant ~~contract~~ auditor.

(Disclosure must be on Form No. CASB DS-1. Forms may be obtained from the cognizant ACO or from the looseleaf version of the Federal Acquisition Regulation.)

Date of Disclosure Statement:

Name and Address of Cognizant ACO where filed:

The offeror further certifies that practices used in estimating costs in pricing this proposal are consistent with the cost accounting practices disclosed in the Disclosure Statement.

☐ (2) *Certificate of Previously Submitted Disclosure Statement.*

The offeror hereby certifies that Disclosure Statement was filed as follows:

Date of Disclosure Statement:

Name and Address of Cognizant ACO where filed:

Disclosure Statement must be submitted as a part of the offeror's proposal under this solicitation unless the offeror has already submitted a Disclosure Statement disclosing the practices used in connection with the pricing of this proposal. If an applicable Disclosure Statement has already been submitted, the offeror may satisfy the requirement for submission by providing the information requested in paragraph (c) of Part I of this provision.

* * * * *

(c) Check the appropriate box below:

☐ (1) *Certificate of Concurrent Submission of Disclosure Statement.*

The offeror hereby certifies that, as a part of the offer, copies of the Disclosure Statement have been submitted as follows: (i) original and one copy to the cognizant Administrative Contracting Officer (ACO) **or cognizant Federal agency official authorized to act in that capacity (Federal official, as applicable** and (ii) one copy to the cognizant **Federal** auditor.

(Disclosure must be on Form No. CASB DS-1 **or CASB DS-2, as applicable.** Forms may be obtained from the cognizant ACO **or Federal official and/or** from the looseleaf version of the Federal Acquisition Regulation.)

Date of Disclosure Statement:

Name and Address of Cognizant ACO **or Federal Official** Where Filed:

The offeror further certifies that practices used in estimating costs in pricing this proposal are consistent with the cost accounting practices disclosed in the Disclosure Statement.

☐ (2) *Certificate of Previously Submitted Disclosure Statement.*

The offeror hereby certifies that **the required** Disclosure Statement was filed as follows:

Date of Disclosure Statement:

Name and Address of Cognizant ACO **or**

Federal Official Where Filed:

: _____

The offeror further certifies that the practices used in estimating costs in pricing this proposal are consistent with the cost accounting practices disclosed in the applicable disclosure statement.

* * * * *

☐ (4) *Certificate of Interim Exemption.*

The offeror hereby certifies that (i) the offeror first exceeded the monetary exemption for disclosure, as defined in (3) of this subsection, in the cost accounting period immediately preceding the period in which this offer was submitted and (ii) in accordance with 48 CFR, ~~Subpart~~ 9903.202-1, the offeror is not yet required to submit a Disclosure Statement. The offeror further certifies that if an award resulting from this proposal has not been made within 90 days after the end of that period, the offeror will immediately submit a revised certificate to the Contracting Officer, in the form specified under subparagraph (c)(1) or (c)(2) of Part I of this provision, as appropriate, to verify submission of a completed Disclosure Statement.

* * * * *

**II. COST ACCOUNTING STANDARDS--
ELIGIBILITY FOR MODIFIED CONTRACT
COVERAGE**

If the offeror is eligible to use the modified provisions of 48 CFR ~~Subpart~~ 9903.201-2(b) and elects to do so, the offeror shall indicate by checking the box below. Checking the box below shall mean that the resultant contract is subject to the Disclosure and Consistency of Cost Accounting Practices clause in lieu of the Cost Accounting Standards clause.

The offeror hereby claims an exemption from the Cost Accounting Standards clause under the provisions of 48 CFR ~~Subpart~~ 9903.201-2(b) and certifies that the offeror is eligible for use of the Disclosure and Consistency of Cost Accounting Practices clause because during the cost accounting period immediately preceding the period in which this proposal was submitted, the offeror received less than \$25 million in awards of CAS-covered prime contracts and subcontracts, or the offeror did not receive a single CAS-covered award exceeding \$1 million. The offeror further certifies that if such status

The offeror further certifies that the practices used in estimating costs in pricing this proposal are consistent with the cost accounting practices disclosed in the applicable disclosure statement.

* * * * *

☐ (4) *Certificate of Interim Exemption.*

The offeror hereby certifies that (i) the offeror first exceeded the monetary exemption for disclosure, as defined in (3) of this subsection, in the cost accounting period immediately preceding the period in which this offer was submitted and (ii) in accordance with 48 CFR, 9903.202-1, the offeror is not yet required to submit a Disclosure Statement. The offeror further certifies that if an award resulting from this proposal has not been made within 90 days after the end of that period, the offeror will immediately submit a revised certificate to the Contracting Officer, in the form specified under subparagraph (c)(1) or (c)(2) of Part I of this provision, as appropriate, to verify submission of a completed Disclosure Statement.

* * * * *

**II. COST ACCOUNTING STANDARDS--
ELIGIBILITY FOR MODIFIED CONTRACT
COVERAGE**

If the offeror is eligible to use the modified provisions of 48 CFR 9903.201-2(b) and elects to do so, the offeror shall indicate by checking the box below. Checking the box below shall mean that the resultant contract is subject to the Disclosure and Consistency of Cost Accounting Practices clause in lieu of the Cost Accounting Standards clause.

The offeror hereby claims an exemption from the Cost Accounting Standards clause under the provisions of 48 CFR 9903.201-2(b) and certifies that the offeror is eligible for use of the Disclosure and Consistency of Cost Accounting Practices clause because during the cost accounting period immediately preceding the period in which this proposal was submitted, the offeror received less than \$25 million in awards of CAS-covered prime contracts and subcontracts, or the offeror did not receive a single CAS-covered award exceeding \$1 million. The offeror further certifies that if such status changes be-

changes before an award resulting from this proposal, the offeror will advise the Contracting Officer immediately.

* * * * *

(End of provision)

fore an award resulting from this proposal, the offeror will advise the Contracting Officer immediately.

* * * * *

End of provision)

Alternate I (APR 1996) As prescribed in 30.201-3(b), add the following subparagraph (c)(5) to Part I of the basic provision:

☐ ***(5) Certificate of Disclosure Statement Due Date by Educational Institution. If the offeror is an educational institution that, under the transition provisions of 48 CFR 9903.202-1(f), is or will be required to submit a Disclosure Statement after receipt of this award, the offeror hereby certifies that (check one and complete):***

☐ ***(i) A Disclosure Statement Filing Due Date of _____ has been established with the cognizant Federal agency.***

☐ ***(ii) The Disclosure Statement will be submitted within the 6-month period ending _____ months after receipt of this award.***

Name and Address of Cognizant ACO or Federal Official Where Disclosure Statement is to be Filed:

[Item III]

52.230-2 Cost Accounting Standards.

<i>FAR as of FAC 90-37</i>	<i>FAR as revised by FAC 90-38</i>
As prescribed in 30.201-4(a), insert the following clause: COST ACCOUNTING STANDARDS (AUG 1992) (a) Unless the contract is exempt under 48 CFR, Subparts 9903.201-1 and 9903.201-2, the provisions of 48 CFR, Part 9903 are incorporated herein by reference and the Contractor, in connection with this contract, shall-- (1) (CAS-covered Contracts Only) By submission of a Disclosure Statement, disclose in writing the Contractor's cost accounting practices as required by 48	As prescribed in 30.201-4(a), insert the following clause: COST ACCOUNTING STANDARDS (APR 1996) (a) Unless the contract is exempt under 48 CFR, 9903.201-1 and 9903.201-2, the provisions of 48 CFR, Part 9903 are incorporated herein by reference and the Contractor, in connection with this contract, shall-- (1) (CAS-covered Contracts Only) By submission of a Disclosure Statement, disclose in writing the Contractor's cost accounting practices as required by 48

CFR, ~~Subpart~~ 9903.202-1 through 9903.202-5, including methods of distinguishing direct costs from indirect costs and the basis used for allocating indirect costs. The practices disclosed for this contract shall be the same as the practices currently disclosed and applied on all other contracts and subcontracts being performed by the Contractor and which contain a Cost Accounting Standards (CAS) clause. If the Contractor has notified the Contracting Officer that the Disclosure Statement contains trade secrets and commercial or financial information which is privileged and confidential, the Disclosure Statement shall be protected and shall not be released outside of the Government.

* * * * *

(3) Comply with all CAS, including any modifications and interpretations indicated thereto contained in 48 CFR, Part 9904 (~~Appendix B, FAR loose-leaf edition~~), in effect on the date of award of this contract or, if the Contractor has submitted cost or pricing data, on the date of final agreement on price as shown on the Contractor's signed certificate of current cost or pricing data. The Contractor shall also comply with any CAS (or modifications to CAS) which hereafter become applicable to a contract or subcontract of the Contractor. Such compliance shall be required prospectively from the date of applicability to such contract or subcontract.

* * * * *

(d) * * * * *

(1) * * * * *

(2) Prices set by law or regulation, and except that the requirement shall not apply to negotiated subcontracts otherwise exempt from the requirement to include a CAS clause as specified in 48 CFR, ~~Subpart~~ 9903.201-1.

(End of clause)

CFR, 9903.202-1 through 9903.202-5, including methods of distinguishing direct costs from indirect costs and the basis used for allocating indirect costs. The practices disclosed for this contract shall be the same as the practices currently disclosed and applied on all other contracts and subcontracts being performed by the Contractor and which contain a Cost Accounting Standards (CAS) clause. If the Contractor has notified the Contracting Officer that the Disclosure Statement contains trade secrets and commercial or financial information which is privileged and confidential, the Disclosure Statement shall be protected and shall not be released outside of the Government.

* * * * *

(3) Comply with all CAS, including any modifications and interpretations indicated thereto contained in 48 CFR, Part 9904 in effect on the date of award of this contract or, if the Contractor has submitted cost or pricing data, on the date of final agreement on price as shown on the Contractor's signed certificate of current cost or pricing data. The Contractor shall also comply with any CAS (or modifications to CAS) which hereafter become applicable to a contract or subcontract of the Contractor. Such compliance shall be required prospectively from the date of applicability to such contract or subcontract.

* * * * *

(d) * * * * *

(1) * * * * *

(2) Prices set by law or regulation, and except that the requirement shall not apply to negotiated subcontracts otherwise exempt from the requirement to include a CAS clause as specified in 48 CFR, 9903.201-1.

(End of clause)

[Item II]

52.230-3 Disclosure and Consistency of Cost Accounting Practices.

<i>FAR as of FAC 90-37</i>	<i>FAR as revised by FAC 90-38</i>
As prescribed in 30.201-4(b)(1), insert the following clause:	As prescribed in 30.201-4(b)(1), insert the following clause:
<p>DISCLOSURE AND CONSISTENCY OF COST ACCOUNTING PRACTICES (NOV 1993)</p>	<p>DISCLOSURE AND CONSISTENCY OF COST ACCOUNTING PRACTICES (APR 1996)</p>
(a) The Contractor, in connection with this contract, shall--	(a) The Contractor, in connection with this contract, shall--
(1) Comply with the requirements of 48 CFR Subpart 9904.401, Consistency in Estimating, Accumulating, and Reporting Costs; 48 CFR Subpart 9904.402 Consistency in Allocating Costs Incurred for the Same Purpose; 48 CFR Subpart 9904.405, Accounting for Unallowable Costs; and 48 CFR Subpart 9904.406 Cost Accounting Standard--Cost Accounting Period, in effect on the date of award of this contract as indicated in 48 CFR Part 9904.	(1) Comply with the requirements of 48 CFR 9904.401, Consistency in Estimating, Accumulating, and Reporting Costs; 48 CFR 9904.402 Consistency in Allocating Costs Incurred for the Same Purpose; 48 CFR 9904.405, Accounting for Unallowable Costs; and 48 CFR 9904.406 Cost Accounting Standard--Cost Accounting Period, in effect on the date of award of this contract as indicated in 48 CFR Part 9904.
(2) (CAS-covered Contracts Only) If it is a business unit of a company required to submit a Disclosure Statement, disclose in writing its cost accounting practices as required by 48 CFR, Subparts 9903.202-1 through 9903.202-5. If the Contractor has notified the Contracting Officer that the Disclosure Statement contains trade secrets and commercial or financial information which is privileged and confidential, the Disclosure Statement shall be protected and shall not be released outside of the Government.	(2) (CAS-covered Contracts Only) If it is a business unit of a company required to submit a Disclosure Statement, disclose in writing its cost accounting practices as required by 48 CFR, 9903.202-1 through 9903.202-5. If the Contractor has notified the Contracting Officer that the Disclosure Statement contains trade secrets and commercial or financial information which is privileged and confidential, the Disclosure Statement shall be protected and shall not be released outside of the Government.
(3)(i) * * * * *	(3)(i) * * * * *
(ii) The Contractor shall, when the parties agree to a change to a cost accounting practice and the Contracting Officer has made the finding required in 48 CFR, Subpart 9903.201-6(b), that the change is desirable and not detrimental to the interests of the Government, negotiate an equitable adjustment as provided in the Changes clause of this contract. In the absence of the required finding, no agreement may be made under this contract clause that will increase costs paid by the United States. * * * * *	(ii) The Contractor shall, when the parties agree to a change to a cost accounting practice and the Contracting Officer has made the finding required in 48 CFR, 9903.201-6(b), that the change is desirable and not detrimental to the interests of the Government, negotiate an equitable adjustment as provided in the Changes clause of this contract. In the absence of the required finding, no agreement may be made under this contract clause that will increase costs paid by the United States. * * * * *
(d) * * * * *	(d) * * * * *
(1) If the subcontract is awarded to a business unit which pursuant to 48 CFR, Subpart 9903.201 is required to follow all CAS, the clause entitled "Cost Accounting Standards" set forth in FAR 52.230-2, shall be inserted in lieu of this clause; or	(1) If the subcontract is awarded to a business unit which pursuant to 48 CFR, 9903.201 is required to follow all CAS, the clause entitled "Cost Accounting Standards" set forth in FAR 52.230-2, shall be inserted in lieu of this clause; or

* * * * *

(3) The requirement shall not apply to negotiated subcontracts otherwise exempt from the requirement to include a CAS clause as specified in 48 CFR, Subpart 9903.201-1.

(End of clause)

* * * * *

(3) The requirement shall not apply to negotiated subcontracts otherwise exempt from the requirement to include a CAS clause as specified in 48 CFR, 9903.201-1.

(End of clause)

[Item II]

52.230-5 Cost Accounting Standards - Educational Institution.

As prescribed in 30.201-4(e), insert the following clause:

COST ACCOUNTING STANDARDS - EDUCATIONAL INSTITUTION (APR 1996)

(a) Unless the contract is exempt under 48 CFR 9903.201-1 and 9903.201-2, the provisions of 48 CFR Part 9903 are incorporated herein by reference and the Contractor, in connection with this contract, shall--

(1) (*CAS-covered contracts only*). If a business unit of an educational institution required to submit a Disclosure Statement, disclose in writing the Contractor's cost accounting practices as required by 48 CFR 9903.202-1 through 9903.202-5, including methods of distinguishing direct costs from indirect costs and the basis used for accumulating and allocating indirect costs. The practices disclosed for this contract shall be the same as the practices currently disclosed and applied on all other contracts and subcontracts being performed by the Contractor and which contain a Cost Accounting Standards (CAS) clause. If the Contractor has notified the Contracting Officer that the Disclosure Statement contains trade secrets, and commercial or financial information which is privileged and confidential, the Disclosure Statement shall be protected and shall not be released outside of the Government.

(2) Follow consistently the Contractor's cost accounting practices in accumulating and reporting contract performance cost data concerning this contract. If any change in cost accounting practices is made for the purposes of any contract or subcontract subject to CAS requirements, the change must be applied prospectively to this contract and the Disclosure Statement, if required, must be amended accordingly. If an accounting principle change mandated under Office of Management and Budget (OMB) Circular A-21, Cost Principles for Educational Institutions, requires that a change in the Contractor's cost accounting practices be made after the date of this contract award, the change must be applied prospectively to this contract and the Disclosure Statement, if required, must be amended accordingly. If the contract price or cost allowance of this contract is affected by such changes, adjustment shall be made in accordance with subparagraph (a)(4) or (a)(5) of this clause, as appropriate.

(3) Comply with all CAS, including any modifications and interpretations indicated thereto contained in 48 CFR Part 9905 in effect on the date of award of this contract or, if the Contractor has submitted cost or pricing data, on the date of final agreement on price as shown on the Contractor's signed certificate of current cost or pricing data. The Contractor shall also comply with any CAS (or modifications to CAS) which hereafter become applicable to a contract or subcontract of the Contractor. Such compliance shall be required prospectively from the date of applicability to such contract or subcontract.

(4) (i) Agree to an equitable adjustment as provided in the Changes clause of this contract if the contract cost is affected by a change which, pursuant to subparagraph

(a)(3) of this clause, the Contractor is required to make to the Contractor's established cost accounting practices.

(ii) Negotiate with the Contracting Officer to determine the terms and conditions under which a change may be made to a cost accounting practice, other than a change made under other provisions of subparagraph (a)(4) of this clause; provided that no agreement may be made under this provision that will increase costs paid by the United States.

(iii) When the parties agree to a change to a cost accounting practice, other than a change under subdivision (a)(4)(i) or (a)(4)(iv) of this clause, negotiate an equitable adjustment as provided in the Changes clause of this contract.

(iv) Agree to an equitable adjustment as provided in the Changes clause of this contract, if the contract cost is materially affected by an OMB Circular A-21 accounting principle amendment which, on becoming effective after the date of contract award, requires the Contractor to make a change to the Contractor's established cost accounting practices.

(5) Agree to an adjustment of the contract price or cost allowance, as appropriate, if the Contractor or a subcontractor fails to comply with an applicable Cost Accounting Standard, or to follow any cost accounting practice consistently and such failure results in any increased costs paid by the United States. Such adjustment shall provide for recovery of the increased costs to the United States, together with interest thereon computed at the annual rate established under section 6621 of the Internal Revenue Code of 1986 (26 U.S.C. 6621) for such period, from the time the payment by the United States was made to the time the adjustment is effected. In no case shall the Government recover costs greater than the increased cost to the Government, in the aggregate, on the relevant contracts subject to the price adjustment, unless the Contractor made a change in its cost accounting practices of which it was aware or should have been aware at the time of price negotiations and which it failed to disclose to the Government.

(b) If the parties fail to agree whether the Contractor or a subcontractor has complied with an applicable CAS or a CAS rule or regulation in 48 CFR Part 9903, and as to any cost adjustment demanded by the United States, such failure to agree will constitute a dispute under the Contract Disputes Act (41 U.S.C. 601).

(c) The Contractor shall permit any authorized representatives of the Government to examine and make copies of any documents, papers, or records relating to compliance with the requirements of this clause.

(d) The Contractor shall include in all negotiated subcontracts which the Contractor enters into, the substance of this clause, except paragraph (b), and shall require such inclusion in all other subcontracts, of any tier, including the obligation to comply with all applicable CAS in effect on the subcontractor's award date or, if the subcontractor has submitted cost or pricing data, on the date of final agreement on price as shown on the subcontractor's signed Certificate of Current Cost or Pricing Data, except that--

(1) If the subcontract is awarded to a business unit which pursuant to 48 CFR 9903.201-2 is subject to other types of CAS coverage, the substance of the applicable clause set forth in 48 CFR 9903.201-4 shall be inserted; and

(2) This requirement shall apply only to negotiated subcontracts in excess of \$500,000 where the price negotiated is not based on--

(i) Established catalog or market prices of commercial items sold in substantial quantities to the general public; or

(ii) Prices set by law or regulation, and except that the requirement shall not apply to negotiated subcontracts otherwise exempt from the requirement to include a CAS clause as specified in 48 CFR 9903.201-1.

(End of clause)

[Item II]

52.230-6 Administration of Cost Accounting Standards.

<i>FAR as of FAC 90-37</i>	<i>FAR as revised by FAC 90-38</i>
As prescribed in 30.201-4(d)(1), insert the following clause:	As prescribed in 30.201-4(d)(1), insert the following clause:
ADMINISTRATION OF COST ACCOUNTING STANDARDS (FEB 1995)	ADMINISTRATION OF COST ACCOUNTING STANDARDS (APR 1996)
* * * * *	* * * * *
(a) * * * * *	(a) * * * * *
(1) For any change in cost accounting practices required to comply with a new or modified CAS in accordance with subparagraph (a)(3) and subdivision (a)(4)(i) of the clause at FAR 52.230-2, Cost Accounting Standards, within 60 days (or such other date as may be mutually agreed to) after award of a contract requiring this change.	(1) For any change in cost accounting practices required in accordance with subparagraph (a)(3) and subdivision (a)(4)(i) of the clause at FAR 52.230-2, Cost Accounting Standards; or subparagraph (a)(3) and subdivisions (a)(4)(i) or (a)(4)(iv) of the clause at FAR 52.230-5, Cost Accounting Standards-Educational Institution; within 60 days (or such other date as may be mutually agreed to) after award of a contract requiring this change.
(2) For any change in cost accounting practices proposed in accordance with subdivision (a)(4)(ii) or (iii) of the clause at FAR 52.230-2, Cost Accounting Standards, or with subparagraph (a)(3) of the clause at FAR 52.230-3, Disclosure and Consistency of Cost Accounting Practices, not less than 60 days (or such other date as may be mutually agreed to) before the effective date of the proposed change.	(2) For any change in cost accounting practices proposed in accordance with subdivision (a)(4)(ii) or (iii) of the clauses at FAR 52.230-2, Cost Accounting Standards, and FAR 52.230-5, Cost Accounting Standards-Educational Institution; or with subparagraph (a)(3) of the clause at FAR 52.230-3, Disclosure and Consistency of Cost Accounting Practices, not less than 60 days (or such other date as may be mutually agreed to) before the effective date of the proposed change.
(3) For any failure to comply with an applicable CAS or to follow a disclosed practice (as contemplated by subparagraph (a)(5) at FAR 52.230-2, Cost Accounting Standards, or by subparagraph (a)(4) at FAR 52.230-3, Disclosure and Consistency of Cost Accounting Practices):	(3) For any failure to comply with an applicable CAS or to follow a disclosed practice (as contemplated by subparagraph (a)(5) at FAR 52.230-2, Cost Accounting Standards, and FAR 52.230-5, Cost Accounting Standards-Educational Institution; or by subparagraph (a)(4) at FAR 52.230-3, Disclosure and Consistency of Cost Accounting Practices):
(i) Within 60 days (or such other date as may be mutually agreed to) after the date of agreement with the initial finding of noncompliance, or	(i) Within 60 days (or such other date as may be mutually agreed to) after the date of agreement with the initial finding of noncompliance, or
(ii) In the event of Contractor disagreement with the initial finding of noncompliance, within 60 days of the date the Contractor is notified by the Contracting Officer of the determination of non-compliance.	(ii) In the event of Contractor disagreement with the initial finding of noncompliance, within 60 days of the date the Contractor is notified by the Contracting Officer of the determination of non-compliance.
(b) After an ACO determination of materiality, submit a cost impact proposal in the form and manner specified by the Contracting Officer within 60 days (or such other date as may be mutually agreed to) after the date of determination of the adequacy and compliance of a change submitted pursuant to para-	(b) After an ACO, or cognizant Federal agency official, determination of materiality, submit a cost impact proposal in the form and manner specified by the Contracting Officer within 60 days (or such other date as may be mutually agreed to) after the date of determination of the adequacy and

graph (a) of this clause. The cost impact proposal shall be in sufficient detail to permit evaluation, determination, and negotiation of the cost impact upon each separate CAS-covered contract and sub-contract.

(1) Cost impact proposals submitted for changes in cost accounting practices required to comply with a new CAS in accordance with subparagraph (a)(3) and subdivision (a)(4)(i) of the clause at FAR 52.230-2, Cost Accounting Standards, shall identify the applicable standard and all contracts and subcontracts containing the clause in this contract entitled Cost Accounting Standards, which have an award date before the effective date of that standard.

(2) Cost impact proposals submitted for any change in cost accounting practices proposed in accordance with subdivisions (a)(4)(ii) or (iii) of the clause at FAR 52.230-2, Cost Accounting Standards, or with subparagraph (a)(3) of the clause at FAR 52.230-3, Disclosure and Consistency of Cost Accounting Practices, shall identify all contracts and subcontracts containing the clause at FAR 52.230-2, Cost Accounting Standards, and FAR 52.230-3, Disclosure and Consistency of Cost Accounting Practices.

(3) Cost impact proposals submitted for failure to comply with an applicable CAS or to follow a disclosed practice as contemplated by subparagraph (a)(5) of the clause at FAR 52.230-2, Cost Accounting Standards, or by subparagraph (a)(4) of the clause at FAR 52.230-3, Disclosure and Consistency of Cost Accounting Practices, shall identify the cost impact on each separate CAS covered contract from the date of failure to comply until the noncompliance is corrected.

* * * * *

(d) Agree to appropriate contract and subcontract amendments to reflect adjustments established in accordance with subparagraphs (a)(4) and (a)(5) of the ~~CAS~~ clause at FAR 52.230-2 or with subparagraphs (a)(3) or (a)(4) of the Disclosure and Consistency of Cost Accounting Practices clause at FAR 52.230-3.
(e) For all subcontracts subject either to the ~~CAS~~

compliance of a change submitted pursuant to paragraph (a) of this clause. The cost impact proposal shall be in sufficient detail to permit evaluation, determination, and negotiation of the cost impact upon each separate CAS-covered contract and sub-contract.

(1) Cost impact proposals submitted for changes in cost accounting practices required in accordance with subparagraph (a)(3) and subdivision (a)(4)(i) of the clause at FAR 52.230-2, Cost Accounting Standards; **or subparagraph (a)(3) and subdivisions (a)(4)(i) or (a)(4)(iv) of the clause at FAR 52.230-5, Cost Accounting Standards-Educational Institution;** shall identify the applicable standard **or cost principle** and all contracts and subcontracts containing the clauses entitled Cost Accounting Standards **or Cost Accounting Standards-Educational Institution**, which have an award date before the effective date of that standard **or cost principle**.

(2) Cost impact proposals submitted for any change in cost accounting practices proposed in accordance with subdivisions (a)(4)(ii) or (iii) of the clauses at FAR 52.230-2, Cost Accounting Standards, **and FAR 52.230-5, Cost Accounting Standards-Educational Institution;** or with subparagraph (a)(3) of the clause at FAR 52.230-3, Disclosure and Consistency of Cost Accounting Practices, shall identify all contracts and subcontracts containing the clauses at FAR 52.230-2, Cost Accounting Standards, **FAR 52.230-5, Cost Accounting Standards-Educational Institution**, and FAR 52.230-3, Disclosure and Consistency of Cost Accounting Practices.

(3) Cost impact proposals submitted for failure to comply with an applicable CAS or to follow a disclosed practice as contemplated by subparagraph (a)(5) of the clauses at FAR 52.230-2, Cost Accounting Standards, **and FAR 52.230-5, Cost Accounting Standards-Educational Institution;** or by subparagraph (a)(4) of the clause at FAR 52.230-3, Disclosure and Consistency of Cost Accounting Practices, shall identify the cost impact on each separate CAS covered contract from the date of failure to comply until the noncompliance is corrected.

* * * * *

(d) Agree to appropriate contract and subcontract amendments to reflect adjustments established in accordance with subparagraphs (a)(4) and (a)(5) of the clauses at FAR 52.230-2 **and 52.230-5** or with subparagraphs (a)(3) or (a)(4) of the Disclosure and Consistency of Cost Accounting Practices clause at FAR 52.230-3. (e) For all subcontracts subject ei-

~~clause or to the Disclosure and Consistency of Cost Accounting Practices clause-~~

(1) So state in the body of the subcontract, in the letter of award, or in both (self-deleting clauses shall not be used); and

(2) * * * *(iv) Any changes the subcontractor has made or proposes to make to cost accounting practices that affect prime contracts or subcontracts containing the ~~CAS clause or Disclosure and Consistency of Cost Accounting Practices clause~~, unless these changes have already been reported. If award of the subcontract results in making one or more CAS effective for the first time, this fact shall also be reported.

* * * * *

(g) For subcontracts containing the ~~CAS~~ clause, require the subcontractor to comply with all Standards in effect on the date of award or of final agreement on price, as shown on the subcontractor's signed Certificate of Current Cost or Pricing Data, whichever is earlier. (

End of clause)

ther to the clauses at **FAR 52.230-2, 52.230-3, or 52.230-5** -

(1) So state in the body of the subcontract, in the letter of award, or in both (self-deleting clauses shall not be used); and

(2) * * * *(iv) Any changes the subcontractor has made or proposes to make to cost accounting practices that affect prime contracts or subcontracts containing the clauses at **FAR 52.230-2, 52.230-3, or 52.230-5**, unless these changes have already been reported. If award of the subcontract results in making one or more CAS effective for the first time, this fact shall also be reported.

* * * * *

(g) For subcontracts containing the clauses at **FAR 52.230-2 and 52.230-5**, require the subcontractor to comply with all Standards in effect on the date of award or of final agreement on price, as shown on the subcontractor's signed Certificate of Current Cost or Pricing Data, whichever is earlier.

(End of clause)

[Item II]

52.232-17 Interest.

FAR as of FAC 90-37

As prescribed in 32.617(a) and (b), insert the following clause:

INTEREST (~~JAN 1991~~)

(a) ~~Notwithstanding any other clause of this contract, all amounts, except amounts that are repayable and which bear interest under a Price Reduction for Defective Cost or Pricing Data clause, that become payable by the Contractor to the Government under this contract (net of any applicable tax credit under the Internal Revenue Code (26 U.S.C. 1481)) shall bear simple interest from the date due until paid unless paid within 30 days of becoming due.~~

* * * * *

FAR as revised by FAC 90-38

As prescribed in 32.617(a) and (b), insert the following clause:

INTEREST (**JUNE 1996**)

(a) **Except as otherwise provided in this contract** under a Price Reduction for Defective Cost or Pricing Data clause **or a Cost Accounting Standards clause, all amounts** that become payable by the Contractor to the Government under this contract (net of any applicable tax credit under the Internal Revenue Code (26 U.S.C. 1481)) shall bear simple interest from the date due until paid unless paid within 30 days of becoming due.

* * * * *

[Item IV]